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GOLD WO INTERNATIONAL HOLDINGS LIMITED

金禾國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(the “Company”)

ANNOUNCEMENT

Three executive directors, two members of senior staff and a sales executive of the Company are involved in an investigation of the ICAC for alleged bribery scam in relation to listing of the shares of the Company on the Stock Exchange.

The operations of the Group remain normal.

A bankers’ meeting is scheduled be held on 24th December, 2002.

The two independent non-executive directors of the Company resigned with effect on 19th December, 2002.

Announcement of the interim results for the six months ended 30th September, 2002 will be postponed until further notice.

At the direction of the Stock Exchange, trading of shares of the Company on the Stock Exchange has been suspended with effect from 10:08 a.m. on 16th December, 2002 and will remain suspended pending further clarification announcement.

INVESTIGATION

Three executive directors, two members of senior staff and a sales executive of the Company were invited by the Independent Commission Against Corruption (“ICAC”) to assist in an investigation for alleged bribery scam in relation to the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in the morning of 16th December, 2002. The aforesaid directors and staff members of the Company have been released on bail pending further investigation of ICAC.

All the executive directors of the Company and the two authorised representatives of the Company appointed under Rule 3.05 of the Listing Rules were detained by ICAC on 16th December, 2002 and so the Stock Exchange was unable to contact them for information on the investigation. The Stock Exchange therefore directed that trading of shares of the Company on the Stock Exchange be suspended with effect from 10:08 a.m. on 16th December, 2002.

OPERATIONS OF THE GROUP

The investigation presently does not materially affect the operations of the Company and its subsidiaries (the “Group”), which remain normal. However the operations may be materially adversely affected by the actions of the banks mentioned below.

FINANCIAL POSITION OF THE GROUP

A meeting of the Group’s 7 principal bankers is scheduled to be held on 24th December, 2002 to discuss the financial position of the Group. Up to the date of this announcement:

1. 2 banks have frozen the facilities of the Group in the total sum of HK\$22 million, HK\$20.18 million of which have been utilised. One of such banks has demanded for repayment. Such facilities are secured by cash deposits of HK\$2 million and charges on properties of the Group; and
2. 2 other banks have demanded for repayment of a total of about HK\$14.25 million. Such loans are secured by cash deposits of about HK\$6 million.

The Group is currently able to finance its operations with internally generated resources. However in the event the Group shall have to repay all outstanding loans to its banks immediately without any banking facilities, it will not have sufficient working capital to maintain its operations.

RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kai Tat and Mr. Wong Wing Hang, Henry, the two independent non-executive directors of the Company, tendered resignation on 17th December, 2002, which was accepted by the board of directors of the Company on 19th December, 2002. The Company will seek to appoint appropriate independent non-executive directors as soon as possible to comply with Rule 3.10 of the Listing Rules, which requires every board of directors of a listed issuer to include at least two independent non-executive directors.

Save as aforesaid, no other directors of the Company has tendered resignation or has indicated intention to resign.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

Announcement of the interim results for the six months ended 30th September, 2002 (the “Interim Results”) cannot be made on 23rd December, 2002 as previously scheduled as all the relevant records and documents have been seized by ICAC for the purpose of the investigation. It will be postponed until further notice. The directors of the Company presently cannot ascertain the expected date of the announcement of the Interim Results until the release of such records and documents by ICAC. The Company would be in breach of paragraphs 10(1) and 11(6) of the Listing Agreement if it is unable to publish its announcement on the Interim Results and despatch the interim reports to its shareholders on or before 31st December, 2002.

SUSPENSION OF TRADING

At the direction of the Stock Exchange, trading of shares of the Company on the Stock Exchange has been suspended with effect from 10:08 a.m. on 16th December, 2002 and will remain suspended pending further clarification announcement.

By order of the Board
Fu Chu Kan
Chairman

Hong Kong, 20th December, 2002

* *for identification only*

“Please also refer to the published version of this announcement in The Standard”.